

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Price Changes

Docket No. CP2022-62

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF COMPETITIVE PRICE CHANGES

(June 6, 2022)

The Public Representative hereby provides comments pursuant to the Commission notice initiating this docket.¹ In that notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of Competitive Price Changes.²

The Postal Service's Notice includes the Governor's Decision and proposed changes to the Mail Classification Schedule product list. The Postal Service also filed a non-public annex showing FY 2023 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product. Notice at 2.

The Postal Service is not changing prices for most competitive products; however, some price and classification changes are being made to Priority Mail, Parcel Select, and certain International Special Services. Notice at 1. The Postal Service provides Governors' Decision No. 22-1 which establishes these changes.³ The Postal Service plans to implement the new prices and classification changes on July 10, 2022.

¹ Notice and Order Concerning Changes in Rates and Classifications of General Applicability for Competitive Products, May 9, 2022.

² USPS Notice of Changes in Rates and Classifications of General Applicability for Competitive Products, May 6, 2022 (Notice).

³ Decision of the Governors of the United States Postal Service on Changes in Rates and Classifications of General Applicability for Competitive Products, May 5, 2022 (Governors' Decision No. 22-1).

Notice at 2. In addition, the Postal Service responded to two Chairman's Information Requests.⁴

COMMENTS

The Public Representative has reviewed the Postal Service's Notice and the non-public annex. Based upon that review, the Public Representative supports the new prices and classifications for competitive products and concludes that competitive products will continue to comply with 39 U.S.C. § 3633.⁵

Eligibility Requirements for Priority Mail. The Postal Service States that the "[e]ligibility requirements for Priority Mail Commercial Plus Cubic will be removed, so that all commercial customers can use Priority Mail cubic pricing." Notice at 1. The Public Representative commends the Postal Service for removing the Commercial Plus requirements, thus making cubic pricing available to all mailers, not just large businesses with volumes exceeding 50,000 packages. With equal access to cubic pricing, small businesses will now have an additional shipping option.

Increased Insurance for Priority Mail. The Postal Service States that "[c]lassification changes will be made to increase insurance to \$100 for Priority Mail and to extend the inclusion of \$100 in insurance to Priority Mail Returns." Notice at 1. The Public Representative supports the additional \$50 in insurance for Priority Mail without a concurrent price increase. The increased insurance at no additional postage provides customers and mailers with a better product. The improved Priority Mail product will allow the Postal Service to better compete in the package market considering that FedEx and UPS already include \$100 of insurance for similar products.

⁴ USPS Response to Chairman's Information Request No. 1, with Material Filed Under Seal, May 25, 2022; USPS Response to Chairman's Information Request No. 2, June 1, 2022.

⁵ Pursuant to 39 U.S.C. § 3633, the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service.

The inclusion of additional insurance will increase the attributable costs of Priority Mail. In FY 2021, Priority Mail had a healthy cost coverage of 146.7 percent.⁶ The additional attributable costs for Priority Mail should not be significant enough to endanger compliance with 39 U.S.C. § 3633.

Cubic Pricing for Parcel Select Ground. The Postal Service States that “[c]ubic pricing will be introduced for Parcel Select Ground.” Notice at 1. Priority Mail cubic pricing does not exceed 0.5. The Public Representative supports the introduction of Parcel Select Ground cubic pricing because the limitations are expanded to 1.0 which provides additional shipping options for mailers. In addition, Parcel Select Ground is a less expensive shipping option for mailers who are less sensitive to the number of days until delivery.

The inclusion of cubic pricing could increase the attributable costs of all Ground products. In FY 2021, all Ground products had a healthy cost coverage of 202.6 percent.⁷ The additional attributable costs for all Ground products should not be significant enough to endanger compliance with 39 U.S.C. § 3633.

International Price Changes. The Postal Service States that “[p]rice changes for Outbound International Insurance and International Money Transfer Service (IMTS)-Outbound will be made, in response to recent directives from the Commission in its FY 2021 Annual Compliance Determination.” Notice at 1. The Public Representative supports the increased prices for Outbound International Insurance and International Money Transfer Service (IMTS)-Outbound. The increased prices should assist with making both products compensatory. Outbound International Insurance prices will be increased 55 percent on average and International Money Transfer Service (IMTS)-Outbound prices will be increased 305 on average. Governors’ Decision No. 22-1 at 2.

⁶ Docket No. ACR2021, Library Reference PRC-LR-ACR2021-1, Excel file “FY21 Summary LR-1,” March 29, 2022.

⁷ Docket No. ACR2021, Library Reference PRC-LR-ACR2021-1, Excel file “FY21 Summary LR-1,” March 29, 2022.

While the price increases are large, the price increases should ensure that the products are on path to reaching compensatory status.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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